

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 GSA-02 INT-05 SOE-02 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10

L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07

SP-02 SS-15 STR-07 TRSE-00 ACDA-12 NRC-05 OPIC-03

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R 051335Z JUN 78

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 5438

INFO AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ETRD EFIN PL GW

SUBJ: VISIT OF MINISTER OF ECONOMY OTTO LAMBSDORFF TO POLAND,
AND SECOND SESSION OF POLISH-FRG JOINT ECONOMIC COMMISSION
MAY 17-18, 1978

BEGIN SUMMARY: THE LAMBSDORFF VISIT, ACCORDING TO FRG EMBASSY OFFICERS, TOOK PLACE "IN A MUCH BETTER ATMOSPHERE" THAN THE SIDE DISCUSSIONS ON TRADE RELATIONS DURING THE NOVEMBER, 1977, VISIT OF CHANCELLOR SCHMIDT. NO NEW COOPERATION AGREEMENTS WERE CONCLUDED. THE WEST GERMANS, HOWEVER, INDICATED THEIR WILLINGNESS TO ENTER INTO CONTRACTS FOR ADDITIONAL PURCHASES OF POLISH COPPER BEYOND LEVELS AGREED TO IN 1976. A WORKING GROUP WAS ALSO ESTABLISHED TO EXAMINE THE POSSIBILITY FOR THE EXPORT OF ELECTRICITY FROM POLAND TO THE FRG. SUCH PROJECTS WOULD ENTAIL SIZEABLE FRG CREDITS, BUT ONLY THE COPPER CONTRACT WOULD APPEAR RELIZABLE IN THE NEAR FUTURE. END SUMMARY.

1. AN FRG ECONOMIC OFFICER TOLD US ON MAY 24 THAT THE MOST
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SIGNIFICANT THINGS ABOUT THE LAMBSDORFF VISIT WAS THAT IT FINALLY TOOK PLACE. IT HAD BEEN POSTPONED IN SEPTEMBER, 1977, AND AGAIN THIS APRIL, AND THE POLES WERE REPORTEDLY ANXIOUS TO CONTINUE THE ANNUAL COMMISSION MEETINGS AND VISITS OF RANKING ECONOMIC OFFICIALS.

2. OUR SOURCE SAID POLISH OFFICIALS WERE MUCH LESS CONTENTIOUS

IN PRESENTING THEIR COMPLAINTS OVER FRG RESTRICTIONS AGAINST IMPORTS FROM POLAND. THE POLES MADE THE SAME POINTS AS IN THE SIDE DISCUSSIONS DURING THE SCHMIDT VISIT, BUT LAMBSDORFF'S TALKS TOOK PLACE "IN A MUCH BETTER ATMOSPHERE." OUR SOURCE SAID THAT PERHAPS THE POLISH EMBASSY IN BONN HAD WARNED WARSAW THAT A HEAVY-HANDED APPROACH ON THESE TRADE ISSUES, SUCH AS OCCURRED IN THE SPATE OF ARTICLES IN THE POLISH PRESS BEFORE THE SCHMIDT VISIT, COULD BE COUNTER-PRODUCTIVE.

3. THE GOP DID NOT MAKE A REQUEST FOR A FINANCIAL CREDIT, ACCORDING TO OUR SOURCE. THE POLES WOULD LIKE TO SEE A SPECIAL FRG-BACKED CREDIT LINE ESTABLISHED SPECIFICALLY TO SUPPORT COOPERATION AMONG MEDIUM-SIZE AND SMALL BUSINESSES. THE POLES WERE TOLD THAT COMMERCIAL BANK CREDITS WOULD BE MORE APPROPRIATE IN THIS CASE. POLISH OFFICIALS COUNTERED THAT THE FRENCH AND ITALIANS HAD ESTABLISHED SUCH CREDIT LINES, THE FORMER REPORTEDLY FOR 700 MILLION FRANCS.

4. KRUPP BOARD CHAIRMAN BEITZ WAS APPARENTLY A KEY PARTICIPANT IN THE VISIT. KRUPP IS COMPETING FOR CONTRACTS FOR THE COAL GASIFICATION PROJECT SUPPORTED BY HERMES CREDITS. BEITZ WILL ALSO PARTICIPATE IN THE DISCUSSIONS ON THE POSSIBILITY OF EXPORTING POLISH ELECTRICITY TO THE FRG. THE POLES HAVE APPARENTLY NOT MENTIONED SPECIFIC AMOUNTS OF ELECTRICITY OR THE SIZE OF INVESTMENTS AND CREDITS WHICH MIGHT BE INVOLVED. OFFICIALS HAVE SUGGESTED HOWEVER, THAT THE POWER COULD BE TRANSMITTED VIA CZECHOSLOVAKIA LIMITED OFFICIAL USE

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OR EVEN UNDER THE BALTIC. OUR SOURCE SAID THE POLES ARE AWARE THAT A WOULD-BE PROJECT FOR EXPORT OF ELECTRICITY FROM THE SOVIET UNION VIA POLAND AND THE GDR HAS ALL BUT ABORTED DUE TO THE SENSITIVE QUESTION OF GDR ABILITY TO INTERRUPT SUPPLY FOR POLITICAL REASONS.

5. COMMENT: THE GOP MAY BE CONTEMPLATING AN AGREEMENT SIMILAR TO THE ONE IT HAS WITH AUSTRIA. POLAND WILL EARN ABOUT TEN BILLION SCHILLINGS THROUGH ELECTRICITY EXPORTS TO AUSTRIA OVER THE 1980-1990 PERIOD IN PAYMENT FOR AN EQUALLY LARGE DEVELOPMENT CREDIT ALREADY EXTENDED BY AUSTRIA. IN ORDER TO BE ECONOMICALLY FEASIBLE, A PROJECT WITH THE FRG WOULD PROBABLY HAVE TO BE OF SIMILAR MAGNITUDE. SINCE MOST OF THE GENERATING EQUIPMENT INVOLVED IN THESE PROJECTS IS PRODUCED IN POLAND, THE BULK OF ANY FRG CREDIT WOULD, IN EFFECT, SERVE THE GOP'S GENERAL FINANCING NEEDS. END COMMENT.

6. OUR SOURCE SAID GERMAN FIRMS WERE ALSO SATISFIED WITH PROGRESS IN THE POLISH COPPER EXTRACTION SECTOR AND WERE CONFIDENT THAT POLAND WOULD BE ABLE TO BEGIN NEXT YEAR TO SUPPLY THE 40,000 TONS OF COPPER PER YEAR AS AGREED IN 1976. THE GERMANS INDICATED THEIR WILLINGNESS TO CONTRACT FOR ADDITIONAL

AMOUNTS OF POLISH COPPER AND TO PROVIDE NECESSARY CREDITS IN THIS
REGARD. THESE POINTS WERE REPORTEDLY INCLUDED IN AN ANNEX TO
THE PROTOCOL SIGNED AT THE END OF THE LAMBSDORFF VISIT.
SCHAUFEELE

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